

OK. Rth

HARGROVE, PESNELL & WYATT

(A PROFESSIONAL LAW CORPORATION)

AMERICAN TOWER, SUITE 600

401 MARKET STREET

SHREVEPORT, LOUISIANA 71101-3239

THOMAS J. WYATT (1942-1996)

MAILING ADDRESS

POST OFFICE BOX 59

SHREVEPORT, LOUISIANA 71161-0059

TELEPHONE (318) 429-7200

TELECOPIER (318) 429-7201

BILLY R. PESNELL
JOSEPH L. HARGROVE, JR.
DAVID L. SMELLEY
PAUL A. STRICKLAND
SCOTT C. SINCLAIR
W. BROOKS MAY
JASON C. FALUDI

OF COUNSEL
WILLIAM G. CONLY

May 23, 2003

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir A; Cotton Valley Formation,
Reservoir A; and Lower Cotton Valley Zone, Reservoir
A; ELM GROVE FIELD, Caddo Parish, Louisiana.

Dear Sir:

SUNLAND PRODUCTION COMPANY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Zone, Reservoir A; to the Cotton Valley Formation, Reservoir A; and to the Lower Cotton Valley Zone, Reservoir A; in the Elm Grove Field, Caddo Parish, Louisiana:

1. To create one (1) additional drilling and production unit for the exploration for and production of gas and condensate from the Lower Cotton Valley Zone, Reservoir A, such unit being shown on the attached plat and being designated LCV RA SU80.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed additional unit in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate a unit well and unit operator for the proposed additional unit as may be appropriate.
4. To approve the downhole combination of production from the Lower Cotton Valley Zone, Reservoir A, the Cotton Valley Formation, Reservoir A, and the Hosston Zone, Reservoir A, or any combination thereof, in the wellbore of any well located on LCV RA SU80, CV RA SU87 and HOSS RA SU100 in which the ownership interests in the intervals to be combined downhole are identical.

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The Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

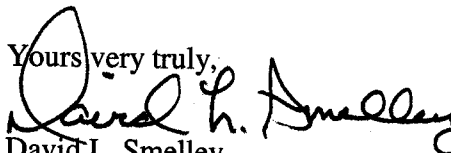
Pertinent data concerning this application is available for inspection at the offices of Sunland Production Company, Inc., 416 Travis Street, Suite 1404, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Don Easterwood at (318) 222-3538 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated May 12, 2003, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set June 5, 2003, as the tentative date for the pre-application conference. No request for the pre-application conference was received; accordingly, no pre-application conference was held.

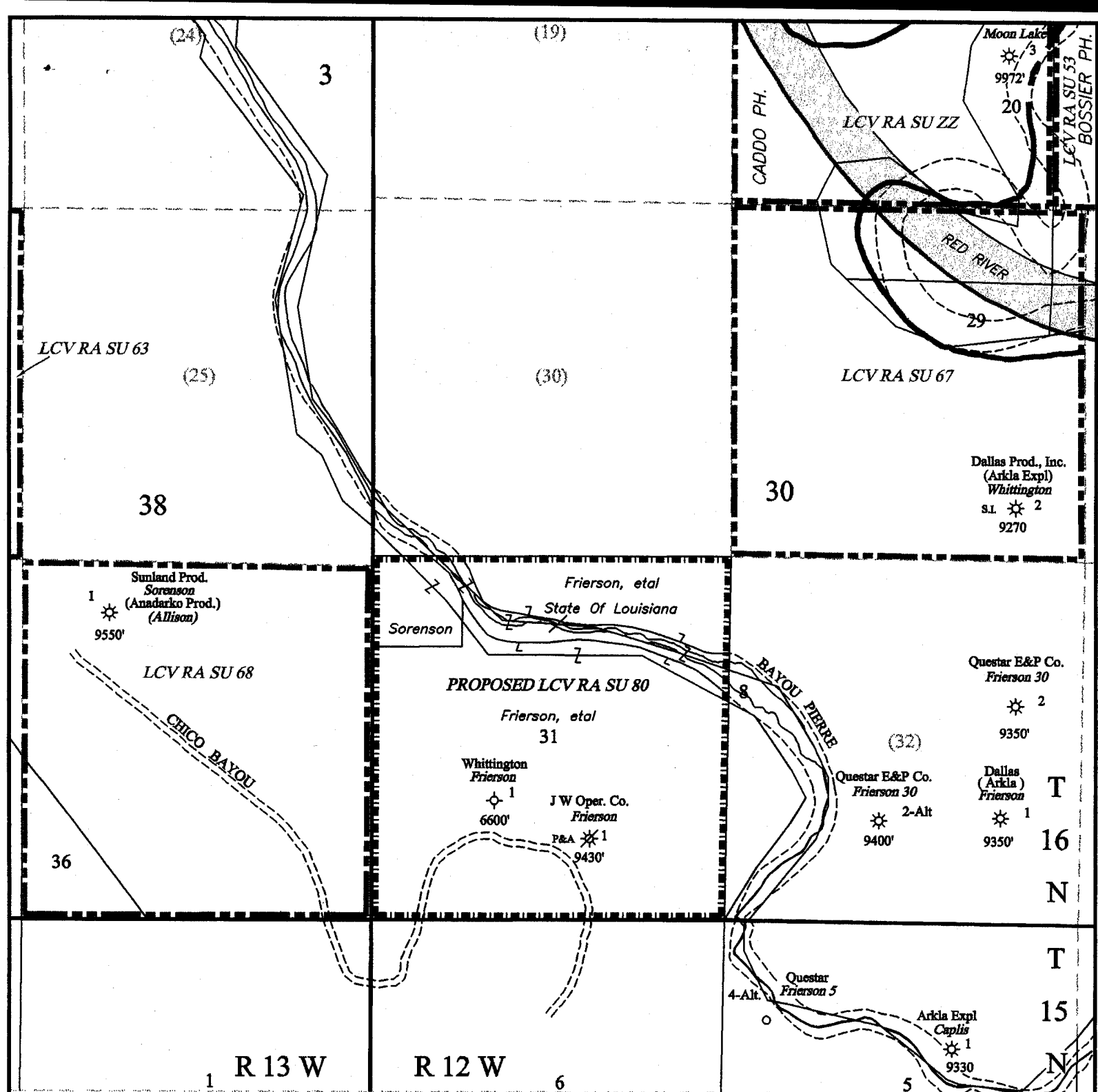
Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat (which is identical to the unit plat attached to the pre-application notice) is enclosed herewith, and a copy of this letter, and of the attached plat, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Elm Grove Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

David L. Smelley

Attorney for Sunland Production Company, Inc.



SUNLAND PRODUCTION COMPANY INC